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C O N F I D E N T I A L BUENOS AIRES 001862

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Classified By: CDA Tom Kelly for Reasons 1.4(b) and (d).

11. (SBU) SUMMARY: Ticket slates for the national elections on October 28 are now final. First Lady and presidential front-runner Cristina Fernandez de Kirchner is still leading the polls with a comfortable lead over the next-closest candidate and stands to benefit from her husband's increased campaigning on her behalf. The September 2 provincial elections in Cordoba and Santa Fe showed that the urban middle class continues to vote against the Kirchner ticket. The second-place finisher in Cordoba is demanding a recount, alleging fraud and irregularities in that province's September 2 election. In Buenos Aires, Mayor-Elect Mauricio Macri has begun wooing candidates to fill positions in the city government, including Federal Judge Guillermo Montenegro of the Skanska corruption case. In the last provincial elections before October, Kirchnerista candidates triumphed in both Chaco and Chubut, adding to a string of provincial wins for the administration that counter the handful of opposition victories. END SUMMARY.

The Race for President

12. (SBU) Senator and First Lady Cristina Fernandez de Kirchner's healthy lead over the next-closest presidential candidate remains steady. President Nestor Kirchner has intensified his campaigning on behalf of his wife, with appearances in San Miguel, Rio Gallegos, Catamarca, and Tigre. With the official deadline of September 8 to register candidates for the national elections on October 28 now passed, the official lists for each party are final. On September 8, fourteen tickets registered to compete for the presidential seat in October. The Peronist party will compete under two denominations: President Kirchner's Victory Front (FPV) and the dissident Peronist group Justice, Unity, and Liberty Front (Frejuli). The traditional Radical party (UCR) will not present its own candidates, but will take part in a coalition embracing Radicals, some dissident Peronists, and other minor parties. Leftist parties could not reach an agreement to join forces and will be competing under six different tickets: FRAL, MIJD, FITS, Workers' Party, MST-New Left, and South Project.

13. (SBU) FPV is running First Lady and Senator Cristina Fernandez de Kirchner for president and Mendoza Governor Julio Cobos of the UCR for vice president. FREJULI's candidate is San Juan Governor Alberto Rodriguez Saa, whose running mate is Hector Maya. One Advanced Nation (UNA) -- a coalition of parties led by the remnants of the Radical (UCR) party -- supports former Kirchnerista Economy Minister Roberto Lavagna for president and Gerardo Morales for vice president. The Civic Coalition formed to support Buenos Aires Mayor Jorge Telerman's bid for reelection in June and comprising several center-left parties supports center-left leader Elisa Carrio and her running-mate Socialist Senator Ruben Giustiniani. Center-right RECREAR party has registered Ricardo Lopez Murphy and Esteban Bullrich as its presidential and vice-presidential candidates. This ticket is supported by Lopez Murphy's former political partner Buenos Aires Mayor-elect Mauricio Macri, but Macri is not supporting RECREAR's list of candidates for other positions. Lopez Murphy is concurrently running for National Congressman in the province of Buenos Aires.

14. (SBU) The other tickets for president and vice president include: United Provinces Movement (MPU) Jorge Sobisch and Jorge Asis; Popular Party of Reconstruction (PRP) Gustavo Breide Obeide and Raul Vergara; Popular Loyalty Confederation (CLP) Juan Carlos Mussa and Bernardo Nespral; Open Front Towards a United Latin America (FRAL) Luis Amman and Rogelio de Leonardi; Independent Movement of the Retired and Unemployed (MIJD) Raul Castells and Nina Pelozo; Left Front of Workers for Socialism (FITS) Jose Monts and Hector Heberling; Polo Obrero (PO) Nestor Pitrola and Gabriela Arroyo; New Left (MST) Vilma Ripoll and Hector Bidone; Southern Project Fernandeo Solanas and Angel Cadelli.

Provincial Races

15. (SBU) The September 2 provincial elections in Cordoba and Santa Fe -- the second and third largest provinces in Argentina -- showed the urban middle class voting against Kirchner-backed tickets. Socialist Hermes Binner won in Santa Fe, putting an end to 24 uninterrupted years of Peronist rule. Binner won mostly on the support from middle-class voters in the provincial capital Rosario. In Cordoba, Peronist candidate Luis Juez distanced himself from the Kirchner ticket and attracted more urban middle-class votes than he was projected to receive. Although four leading polling organizations had predicted, on average, that Schiaretti would defeat Juez by 12 points, in the end the margin was only one percent. The national and Cordoba governments' resistance to a recount has generated suspicions that the election was tainted by fraud. In the last provincial elections before October, Kirchnerista candidates triumphed in both Chaco and Chubut, adding to a string of provincial wins for the administration that counter the handful of opposition victories.

Socialist Wins Historic Victory in Santa Fe

16. (U) In Santa Fe, former mayor of Rosario and Socialist party candidate Hermes Binner defeated Kirchner-backed Victory Front (FPV) candidate Rafael Bielsa to win the governorship with 48.59 percent of the vote. Bielsa received 38.7 percent of the vote. Binner is the first Socialist candidate in Argentina's history to win a governorship. His win also ends the 24-year Peronist domination of Santa Fe politics, which was made possible by a 2004 change in the electoral law that mandated primary elections and instituted first-past-the-post voting for governor has made it easier for opposition parties to succeed (ref a). Despite Binner's substantial lead in exit polls, Bielsa's concession speech came notably late, only when almost all ballots had been counted.

Cordoba Elections Hotly Contested

17. (U) Peronist and current Vice-Governor Juan Schiaretti narrowly defeated FPV candidate Luis Juez in the Cordoba gubernatorial election by a margin of a contested 1.1 percent. Schiaretti won 37.06 percent of the vote while Juez obtained 35.95 percent of the vote. According to the provisional count, only 17,000 votes separated the two, prompting public cries of electoral fraud by Juez supporters culminating in a public protest which mobilized 20,000-50,000 supporters in the city of Cordoba on September 6. Juez's lawyers appealed to the provincial judge overseeing the elections, Marta Vidal, to demand a hand recount of every ballot box, citing irregularities such as the unusually lengthy 18-hour vote count and a 50,000 ballot difference between the votes cast for governor and those cast for provincial legislators, which are usually nearly equal. (COMMENT: Ballots in Argentina are separated into several sections corresponding to the offices up for election. If voters want to vote for different parties, they must tear the ballots for each party for which they wish to vote and place the torn sections in the voting envelope. This process takes time and effort and is uncommon. For a vote discrepancy between offices to occur, voters would have had to separate the portion of the ballot for governor from the rest of the ballot and submit only the governor portion. While not impossible, this practice is uncommon and it is improbable that 50,000 voters in Cordoba voted only for the office of governor. END COMMENT.) They also noted that lawyers representing the political parties were not present to observe when Correo Argentino, the government agency charged with running the election, entered the election data into its computer system.

18. (U) While Vidal agreed there were some irregularities and called for a recount, she stipulated that the definitive recount will proceed using the vote-count telegrams sent from each voting table, not a hand recount of every vote cast. This is in accordance with Argentine law, which allows only ballot boxes suspected of being tampered with to be opened. Juez was represented at each voting location by party observers who signed the vote-count telegrams, which would indicate that a vote-by-vote recount is not necessary. However, Juez's camp maintains that the vote-count telegrams could have been manipulated either in transit to being entered into the database or at the point that the numbers were entered into the elections database. Two weeks after the elections, Vidal's office has yet to examine more than 10% of the vote-count telegrams.

Chaco

19. (SBU) FPV candidate and Senator Jorge Capitanich has declared himself the winner, by 0.39%, of the September 16th elections for governor in Chaco after winning 46.84% of the vote.. Pre-election polls predicted a comfortable win by the UCR candidate Angel Rozas, who had served as governor of Chaco previously from 1995-2003, and who finished second with 45.45%. Six voting stations' results had yet to be counted as of the morning of September 17, but Capitanich's camp has said it feels confident of its victory. Rozas has said he will wait until all of the votes are counted before conceding, although he did acknowledge Capitanich's apparent lead. Capitanich and ARI candidate Alicia Terada had complained to the electoral authorities of "apocryphal votes" and missing ballots at some voting locations, but there have been no accusations of malfeasance so far. Rozas and Capitanich previously competed for the governorship of Chaco in 1999, when Rozas won with 63.36% over Capitanich's 35.91%.

Chubut

110. (SBU) Chubut also held elections on September 16th for governor and provincial legislators. Incumbent Kirchnerista

Governor Mario Das Neves won easily with 71.38% of the vote over the other candidates: Raul Barneche of the UCR received 14.17%, Roque Gonzalez of the Chubut Action Party received 4.75%, and Guillermo Bonaparte of the center-left ARI received 4.17%. Das Neves's win in 2003 was a surprise defeat of the UCR, which had governed the province for the previous 12 years. This election is the worst finish for the UCR in Chubut since 1983.

Skanska Update

¶11. (SBU) Federal Judge Guillermo Montenegro, who is leading the investigation into the alleged bribes received by former Argentine government officials working on the project to extend the northern gas pipeline (known as the Skanska case--REF B), has received an offer from Mayor-elect Mauricio Macri to join his cabinet as the new Security and Justice Minister in the city of Buenos Aires. Concurrently, Vice President and FPV candidate for Buenos Aires province governor Daniel Scioli proposed a similar deal to the federal prosecutor in the Skanska case Carlos Stornelli to become his potential new Security Minister in the Buenos Aires province. There are rumors that both professionals would accept the offers, thus leaving the Skanska case at a halt for approximately one year. According to court sources quoted in local press, one year is the estimated time for a new judge and prosecutor to study the case from scratch and then move forward with the investigation.

¶12. (SBU) Local analysts have said they suspect political motivations behind these two offers. In the case of Stornelli, it would seem that the government might be trying to stall the investigations of two former administration officials accused in the case to prevent more negative press about corruption and the administration. In Macri's case, some analysts are speculating about a possible pact between Macri and the Casa Rosada as a sign of mutual tolerance and, eventually, as a means of getting Kirchner's compromise to provide the city with the funds necessary to finance an autonomous police force.

Comment

¶13. (C) Fernandez de Kirchner remains poised to win next month's presidential elections. Some elements of the fragmented national opposition have seized on the election irregularities in Cordoba and the wildly varying polling data to press their claims that the Casa Rosada is trying to manipulate the outcome of provincial and ultimately the national presidential elections. Two presidential candidates, Robert Lavagna and Elisa Carrio, have called for international observers to monitor the national presidential elections in October. Although this latest round of criticism is unlikely to jeopardize Fernandez de Kirchner's chances to win the presidency in October, those irregularities have added to doubts about GOA transparency. These two election outcomes and the possibility that the Kirchners' support among the middle class may be waning suggest that Fernandez de Kirchner could face a distinct political climate if she wins in October. Political analysts have not only begun to speculate about what a Fernandez de Kirchner administration will look like, but also about how the Peronists and UCR members of the FPV alliance will support her mandate. END COMMENT.

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